

Message Text

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ACTION COME-00

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 5723

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FOR COMMERCE OFFICE EXPORT DEVELOPMENT

E. O. 11652: N/ A

TAGS: ETRD

SUBJECT: TRADE OPPORTUNITY; SEVERE CEMENT AND BUILDING
MATERIALS SHORTAGE IN SPAIN

REF MADRID 2465 AND 2466 TO USDOC

1. THE TWO MADRID TELEGRAMS IN REFERENCE WERE STANDARD
TRADE OPPORTUNITIES INVOLVING TWO SPANISH IMPORTERS OF
CEMENT WHO EXPRESSED INTEREST IN NEW SOURCES OF SUPPLY
IN LIGHT OF SEVERE CEMENT SHORTAGE IN SPAIN. THIS
MESSAGE AMPLIFIES THOSE TOS AND GUSSESTS THEY BE GIVEN
SPECIAL HANDLING.

2. SPAIN IS EXPERIENCING A BOOM IN THE CONSTRUCTION
INDUSTRY; CONSTRUCTION MATERIALS PRODUCTION IS NOT KEEP-
ING PACE. THERE ARE REPORTS OF HOARDING WITH FOR
INSTANCE MAJOR BUILDERS SIGNING CONTRACTS FOR THE ENTIRE
PRODUCTION OF BRICK PLANTS OVER THE NEXT YEAR. SHORTAGES
OF CEMENT HAVE APPARENTLY REACHED CRISIS PROPORTIONS.

3. CEMENT CONSUMPTION IN SPAIN IN 1972 WAS ALMOST
NINETEEN MILLION TONS. IN ADDITION, A MILLION AND A
QUARTER TONS WERE EXPORTED, TO INTER ALIA, POLAND, ALGERIA,
IVORY COAST, AND NIGERIA. IMPORTS WERE NEGLIGIBLE AND
ENTIRELY TO THE CANARY ISLANDS, EXCEPT FOR 36,000 TONS
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FROM FRANCE TO THE PENINSULA. PROJECTED 1973 DOMESTIC CONSUMPTION IS TWENTY- TWO MILLION TONS AND EXPORT CONTRACTS CALL FOR SHIPMENTS OF OVER TWO MILLION TONS. TOTAL PRODUCTION CAPACITY IS CITED AT ONLY TWENTY THREE MILLION TONS; THE ESTIMATED SHORTFALL IS ONE POINT THREE MILLION TONS. NOTE THAT THIS IS AT VARIANCE WITH MINISTRY OF INDUSTRY ESTIMATES AS OF NOV 1972 WHICH PROJECTED PRODUCTION CAPACITY AT TWENTY SIX MILLION TONS BY YEAR- END, TWENTY FOUR POINT NINE MILLION TONS AT 78 PER CENT CAPACITY.

4. AS A RESULT, THE GOS HAS SUSPENDED FOR THREE MONTHS THE IMPORT DUTY OF TEN PER CENT FOR UP TO ONE MILLION TONS OF CEMENT (BOE NUMBER 10, 26 APRIL 1973). LIKEWISE, THE ELEVEN PERCENT COMPENSATORY IMPORT TAX HAS BEEN REDUCED TO ONE POINT FIVE PERCENT (BOE NUMBER 102, 28 APRIL).

5. FURTHER ACTION MAY BE TAKEN. FOR INSTANCE, PRESSURES ARE BEING BROUGHT TO BEAR TO SUBSIDIZE IMPORTS TO BRING THE LANDED PRICE INTO LINE WITH DOMESTIC PRICES WHICH RANGE FROM 808 PESETAS METRIC TON FOR P-250 TO 991 PESETAS METRIC TON FOR P-450. ONE SOURCE REPORTS IMPORTS INCLUDING OCEAN FREIGHT PRICE OUT TWICE AS HIGH AS LOCAL PRODUCT. THERE IS ALSO TALK OF REFUSING EXPORT LICENSES WHICH WOULD IMPLY TRADE OPPORTUNITIES IN THE COUNTRIES CITED IN PARA. THREE, ALL OF WHICH PURCHASED OVER 100,000 TONS FROM SPAIN IN 1972. BECAUSE SPAIN HERETOFORE HAS NOT IMPORTED CEMENT, THERE IS NO ESTABLISHED COMMERCIAL IMPORT CHANNEL. THE TWO COMPANIES CITED IN THE REFTELS EXPRESSED ONLY MILD INTEREST AND THE EMBASSY SUGGESTS US SUPPLIERS MIGHT CONTACT SPANISH CEMENT MANUFACTURERS DIRECT.
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